PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman* JOHN W. PARSONS, ESQ., *Executive Director*

M E M O R A N D U M

TO: Cambridge Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: August 24, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25% and changes to the salary increase and mortality assumptions.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jfb
P:\actuaria\APPROP\Approp21\cambridge approval.docx

Enc.

FIVE MIDDLESEX AVENUE, SUITE 304 | SOMERVILLE, MA 02145
PH 617 666 4446 | FAX 617 628 4002 | TTY 617 591 8917 | WWW.MASS.GOV/PERAC

Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Unfunded Liability	(4) Actuarially Determined Contribution (ADC) Before Additional Payment: (2) + (3)	(5) Additional Payment	(6) Actuarially Determined Contribution (ADC) with Additional Payment: (4) + (5)	(7) Total Unfunded Accrued Liability at Beginning of Fiscal Year	(8) Percent change from prior year
2021	$13,765,611	$34,270,353	$48,035,964	$300,000	$48,335,964	$248,426,457	- -
2022	14,235,720	39,612,596	53,848,316	300,000	54,148,316	229,360,671	12.10%
2023	14,721,735	45,642,227	60,363,962	300,000	60,663,962	203,183,061	12.10%
2024	15,224,190	52,443,811	67,668,001	300,000	67,968,001	168,640,794	12.10%
2025	15,743,637	60,112,192	75,855,829	300,000	76,155,829	124,299,514	12.10%
2026	16,280,646	68,219,153	84,499,799	300,000	84,799,799	68,519,153	11.40%
2027	16,835,806	0	16,835,806	0	16,835,806	0	-80.08%
2028	17,409,726	0	17,409,726	0	17,409,726	0	3.41%

Notes:
Actuarially Determined Contribution for fiscal year 2021 is set equal to the amount determined with the prior valuation.
Actuarially Determined Contributions are assumed to be paid on July 1.
Item (2) reflects 3.0% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.
Projected normal cost does not reflect the future impact of pension reform for new hires.